

**MINUTES OF THE
NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENTAL QUALITY
APPROPRIATIONS SUBCOMMITTEE**

Room 25 House Office Building

February 12, 2013

MEMBERS PRESENT: Sen. David Hinkins, Co-Chair
Rep. John G. Mathis, Co-Chair
Rep. Mike McKell, House Vice Chair
Sen. Jim Dabakis
Sen. Margaret Dayton
Sen. Kevin T. Van Tassell
Rep. Jerry Anderson
Rep. Roger E. Barrus
Rep. Brian Greene
Rep. Ken Ivory
Rep. Michael E. Noel
Rep. Lee B. Perry
Rep. Jon Stanard
Rep. Larry B. Wiley

MEMBERS EXCUSED: Sen. Ralph Okerlund
Sen. John L. Valentine

MEMBERS ABSENT: Rep. Susan Duckworth

STAFF: Mr. Ivan Djambov, Fiscal Analyst
Ms. Angela Oh, Economist
Ms. Linda Service, Committee Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

1. Chair Mathis called the meeting to order at 8:05 a.m.

MOTION: Sen. Dayton moved to approve the minutes of January 29, 2013. The motion passed unanimously.

2. **UTAH STATE FAIR CORPORATION**

Analyst Presentation

Mr. Djambov commented on the Budget Brief, "Utah State Fair Corporation." The Utah State Fair Corporation is an independent public nonprofit corporation that runs the State Fair and other events on the fairgrounds year-round. The Fairpark was privatized in 1995 based on the recommendations of a study committee directed to find a way to help the fairpark become self-sufficient. Legislation allowed the new corporation to receive annual appropriations from the state until it could become so. For FY 2014, the Analyst recommends for the Utah State Fair Corporation line item a total budget of \$4,258,400.

Agency Response

Mr. Michael Steele, Executive Director and CEO, Utah State Fairpark, circulated a handout showing some of the details of the past fair. One of the main goals of the fair is to highlight agriculture which was accomplished through exhibits of over 2,000 head of livestock, 6,500 entries of living art, and 17,000 children experiencing hands-on exposure through the Little Hands on the Farm exhibit. Director Steele responded to questions.

3. UTAH ASSOCIATION OF CONSERVATION DISTRICTS

Mr. Wendell Stembridge, Chairman, Kamas Valley Soil Conservation, and President of the Utah Association of Conservation Districts (UACD), along with Mr. Bob Barry, Chairman, San Juan County Soil Conservation District and Vice Chair of UACD, reflected on the importance of the 38 conservation districts to the state of Utah. Mr. Gordon Yonkers, Executive Vice President, UACD, reviewed three handouts: "UACD Semi-Annual Report," "Utah's Conservation Districts," and "UACD Organization Structure and Funding Allocation." The districts are the connection between federal and state conservation programs and the local land owner. He reported on accomplishments in the last six months such as acres planned and improved acres for soil quality, water quality, irrigation, grazing, wet lands, fish and wildlife habitat. He noted that for every dollar put into a conservation project, there is a conservation benefit. Mr. Yonkers responded to questions.

4. DEPARTMENT OF AGRICULTURE AND FOOD IN-DEPTH BUDGET REVIEW: GOVERNOR'S OFFICE OF PLANNING AND BUDGET

Ms. Jill Flygare, assisted by Ms. Tenielle Young, Governor's Office of Planning and Budget (GOPB), distributed a copy of the document, "Department of Agriculture and Food In-Depth Budget Review" which was reported to the Executive Appropriations Committee December 3, 2012. In addition, they provided a one-page summary of some of the recommendations of the review and updates from the department.

Last summer, GOPB was requested to conduct an in-depth budget review of the Department of Agriculture and Food. They were asked to determine whether each program warranted continuation of funding, evaluate program objectives and effectiveness of program measures, and make recommendations if appropriate.

Ms. Flygare outlined recommendations from the review as follows: (1) *Unified State Laboratory, Module 2* - The existing building of the Department of Agriculture and Food houses the entire department, including laboratory services. As a result there are several problems. The recommendation is made in the Governor's budget to add a Unified State Laboratory Module 2 at a cost of \$35,620,000. (2) *Computerize in-field reporting for animal industry inspectors* - To eliminate overlap and increase efficiencies both in the field and in the administrative offices, it is recommended to computerize in-field reporting at a cost of \$65,900 General Fund one-time, resulting in ongoing savings. (3) *Hire seven additional Food Safety Compliance Inspectors* - The state is out of compliance with federal regulations and will need additional inspectors by

2017. The department would need \$175,000 General Fund ongoing to meet the guidelines. (4) *Purchase of a large capacity scale truck* - The department has purchased a truck with non-lapsing funds at the price of \$160,000. (5) *Eliminate conflict of interest on the Utah Conservation Commission (UCC)* - Representatives from the Conservation Districts may not serve on both the UCC and the Utah Association of Conservation Districts (UACD) Boards simultaneously. (6) *Define effective and measurable performance measures for UACD*, (7) *Update Grazing Improvement Program information* - The department has updated their website to provide additional information to the public on various projects. (8) *Collaborate with Watershed Restoration Initiative Program* - The Grazing Improvement Program and the Watershed Restoration Initiative Program share similarities. Both programs should come together and focus on an efficient and effective way to work with the missions of both programs and the needs of the public.

Ms. Flygare addressed the issue of a recommendation to determine a limit on reserve accounts for outside entities. The review recommended it is the right of the Legislature to set a limit on the amount that outside entities, such as UACD, can have within their reserves.

5. DEPARTMENT OF AGRICULTURE AND FOOD

Analyst Presentation

Mr. Djambov presented the document, Budget Brief, "Agriculture and Food Administration." The department is responsible for the administration of Utah's agricultural laws which includes inspection, regulation, information, rulemaking, loan issuance, marketing and development, pest and disease control, improving the economic position of agriculture, and consumer protection. For the programs in this line item, the Analyst recommends a base appropriation for FY 2014 of \$21,538,400.

Restricted Funds Adjustment - The department has requested an adjustment in the appropriations from two of the agency's restricted funds: an increase in the GFR - Lifestock Brand by \$19,500 and a decrease from the GFR - Wildlife Damage Prevention by the same amount, with a net zero impact on the total department appropriation. The Analyst recommends approval of the appropriate amounts as requested.

Grazing Improvement Program - Mr. Djambov commented on two programs funded by the Legislature: Watershed Restoration Program and a companion program, Grazing Improvement Program (GIP). He indicated that details to show funding spent for administration and actual projects over time are lacking because GIP does not yet have a functional database to provide accurate details for each project. The Department of Agriculture and Food leadership has reported that they have been working on such database for the last several years but that it is not yet completed. The department was not able to identify how much they have spent thus far on the development of their database. Without the ability to generate data in a timely manner, it is hard for the managers to complete meaningful analyses and provide transparency and accountability to the stakeholders and the public.

In a report to the Executive Appropriations Committee in December 2012, GOPB made three recommendations regarding GIP: (1) Improve transparency and accountability, stating "each project should also show how it benefits the public." (2) Set up metrics and measure the public and landowner benefits. This was consistent with the motion passed by the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee in their September 2012 meeting requiring the department to provide a "detailed plan" to the subcommittee during the 2013 General Session "on how the Grazing Improvement Program will track and report the public benefits from the GIP projects." (3) Since both programs are similar in nature and often have similar objectives and purposes, GIP and the Watershed program managers should work together and "focus on the most efficient and effective ways of accomplishing the objectives of both programs while meeting the needs of the public."

One step towards implementing these recommendations may be by GIP management exploring the possibilities of using the database set up by the Watershed Restoration Program. Following is a piece of intent language in connection with the above recommendations: "The Legislature intends that the managers of the Grazing Improvement Program and the Watershed Restoration Program present to the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee by November 2013 a plan to improve coordination and collaboration between the two programs. The Legislature further intends that each program identify performance measures that track and report the public benefits from their projects."

New Line Items - The department's Administration line item includes 15 programs. In order to have better oversight and increase the level of transparency of the department, the Analyst recommends the Legislature divide the Administration line item into four line items: Administration, Animal Health, Plant Industry, and Regulatory Services and Lab. The recommendation will not impact the total appropriation of the department in any way.

Mr. Djambov discussed an additional piece of intent language which is the standard non-lapsing language in case there is left over money at the end of the year. He brought to the subcommittee's attention the item "Employee Training/Incentives \$179,000." In the last four years, a portion of that money, between \$98,000 and \$126,000, has been used for incentive awards for department employees. The criteria for receiving these incentive awards is to give equal amounts to all employees. Although this is an unusual practice in state government, it is fully in the authority of the commissioner to do so.

The Analyst reviewed several documents: Issue Brief, "Agriculture and Food - Performance Measures" which details the top measures chosen by the department management to gauge the success of its programs; "Agriculture Administration, Budget Details Over Time;" Issue Briefs, "Agriculture and Food - Federal Funds," and "Agriculture and Food Fees." In addition, he commented on Budget Briefs, "Rangeland Improvement," "Agriculture Loan Programs," "Predatory Animal Control," and "Resource Conservation."

Agency Response

Mr. Leonard Blackham, Commissioner, Department of Agriculture and Food, stated that due to the lack of time, he could not respond to the GOPB's Department of Agriculture and Food In-Depth Budget Review and the Fiscal Analyst's recommendations but felt the allegations were a misrepresentation and were unwarranted. He noted there were ranchers, farmers, and county commissioners in attendance to support the department but no time to hear them. Rep. Mathis expressed concern over Commissioner Blackham's comments. He indicated he did not hear an attack on any agency, program, or authority, or any criticism of agriculture in Utah. Rep. Mathis said that he did hear a presentation by the Analyst that there might be some ways to increase accountability and transparency, which is a responsibility of the subcommittee to require.

Mr. Alan Brown, Chairman, Wasatch Conservation District, updated the subcommittee on the Coordinated Resource Management Plan for Main Creek in Wallsburg, Utah. Main Creek runs through Wallsburg and it was determined that the creek was the main contributor of the phosphorous load going into Deer Creek Reservoir. The creek was subsequently put on the impaired water list of the state of Utah. To address that listing, landowners, government agencies, and boards came together as partners to create the Wallsburg Watershed Coordinating Council. The purpose of the council was to develop a Coordinated Resource Management Plan, identify funding sources, and carry out the project to a successful conclusion. Phase I will be begin this spring with the hope of completion the following year.

MOTION: Rep. McKell moved to adjourn. The motion passed unanimously. Chair Mathis adjourned the meeting at 9:57 a.m.

Sen. David Hinkins, Co-chair

Rep. John G. Mathis, Co-chair